

PERMIT CHECK LIST

The following people have reviewed the permit:

Reviewing Permitting Engineer: _____

Air Inspector: _____

Air Compliance Manager: _____

Date: April 17, 2008

Source Name: Marine Hydraulics International, Inc. Registration No: 61343 Id. No.: 51-710-00265

Source Location: 543 East Indian River Road, Norfolk VA

Mail Address: 543 East Indian River Road, Norfolk, VA 23523

Source Status: _____ Greenfield ☒ Currently operating

Source Classification: _____ Minor ☒ SynMinor _____ State Major _____ PSD Major _____ TV Major

Permit Action: (Describe new/modified equipment and/or processes, include maximum rated capacities)

Permit Action Program:

_____ NSR ☒ SOP _____ TV _____ Maj HAP

Permit Action Type:

_____ New / Article 6 Modification (delete one) ☒ Significant Modification

_____ Minor Amendment/Modification _____ Administrative Amendment _____ Renewal

_____ State Major _____ PSD _____ Non-Attainment _____ General

Y (Y/N) Permit Includes All Emission Units at Source.

Y (Y/N) Permit Allows Source to avoid Title V/MACT/etc.

After this permit, source is: _____ Major (A) _____ Minor (B) ☒ Synthetic minor (SM)
(_____ PM, VOC _____ Pollutant)

Permit Application Review

☒ Permit application submitted, or _____ Letter Request

Application Received Date: 11/6/07

Application Complete Date: 3/19/08

Permit Deadline Date: 6/17/08

☒ Document Certification Form received

n/a Confidential information with sanitized copy. If yes, which sections:

_____ throughputs _____ individual pollutants _____ flow diagrams _____ calculations

_____ process descriptions _____ other (describe)

If yes, has claim been accepted by DEQ? (Y/N) - Date of letter: _____

n/a Copy of letter from local official for greenfield, or major modified sources

n/a Copy of letter sent to FLM if applicable. (Comments)

n/a Notification of Affected State(s)

This permit supersedes permit(s) dated November 23, 1998.

Regulatory Review

BACT Determination (check one):

☒ use of low VOC coatings for the control of VOC meets BACT (Comments) _____,
or

_____ TV/SOP/BACT not applicable. (Explain) _____

N (Y/N) NSPS/MACT/NESHAPS Applicability: If Y, Subpart(s):

_____ NSPS

Regulatory Review (cont.)

_____ MACT

_____ NESHAPS

N (Y/N) Existing Rules (9 VAC 5 Chapter 40) Applicability: If Y, Rule(s):

Toxic Pollutants (check one):

✓ Exempt, or _____ in compliance with 9 VAC 5-60-320, or _____ not evaluated (**Reminder: remember to change the regulation to 9 VAC 5-60-220 when doing a SOP for existing sources**).

[Comments: _____]

Modeling (check one):

_____ Attached (including background monitors), or

_____ Copy of approval letter from modeling section,

✓ No modeling required by agency policy (< modeling significance levels, etc.)

Site Suitability:

✓ Site suitable from an air pollution standpoint, inspection date 1/28/08, or no inspection required because _____.

Y Calculation sheet(s) attached

N (Y/N) NSR Netting _____ Comments (Explain Permit History):

N (Y/N) (CAM) Compliance Assurance Monitoring Applicable

Permit includes: _____ Stack Testing _____ CEM _____ VEE by source

Public Participation

Y (Y/N) Public Noticed. If yes, Public Notice Date:

_____ (Y/N) Public Notice Comments. If yes, number and nature of comments:

_____ (Y/N) Public Hearing. If yes, Public Hearing Date:

EPA Review

_____ (Y/N) EPA Review. If yes, Date proposed permit sent to EPA _____.

_____ (Y/N) EPA Comments. If yes, give a brief summary _____.

Comments: _____ The previous permit covered 2 locations for MHI, 800 Indian River Road and 543 Indian River Road. The 800 Indian River Road location, which housed the outdoor blasting and painting operations as well as the horizontal tanks used for shipboard domestic waste removal operations (CHT1 and CHT2) and a 5.2 mmBtu/hr boiler, was sold and that equipment and related conditions have been removed from the permit with this action. The 800 Indian River Road site was sold to W3 Shipyard. Air permitting and compliance visited the new owners on 12/5/07 and found no air emissions equipment or operations on the premises.

_____ This permit covers equipment and operations at the 543 Indian River Road site. The equipment list has been updated to include a new paint booth, boiler and blast booth. The new blast booth does not vent outside the building, it returns inside and is therefore exempt. The new boiler is also exempt. MHI has requested that no changes be made to their coating/solvent throughput limit so calculations for the new paint booth were based on the previously established 20,403 gallons per year limit (700 gallons per year for solvents.) The facility also requested to maintain their current emission limits. This was accommodated where the calculations showed a decrease (due to the painting being conducted in a controlled booth as opposed to outdoors, the smaller boiler and the exempt blast booth) however, the increase in particulate and HAPs for the paint booth require a change in those emissions limits and therefore a public notice period is necessary. The facility wide limits were also updated where there was an increase.

Regulatory Review (cont.)

Final Recommendation: Recommend Approval.

Environmental Engineer's Signature: _____

Air Permit Manager's Signature: _____

April 17, 2008

Mr. Michael Walker
Vice President
Marine Hydraulics International, Inc.
543 East Indian River Road
Norfolk, Virginia 23523

Location: Norfolk
Registration No.: 61343

Dear Mr. Walker:

Attached is a significant amendment to your state operating permit dated November 23, 1998 to operate a marine vessel repair and maintenance facility in accordance with the provisions of the Virginia Regulations for the Control and Abatement of Air Pollution. This permit supersedes your permit dated November 23, 1998.

This permit contains legally enforceable conditions. Failure to comply may result in a Notice of Violation and/or civil charges. Please read all permit conditions carefully.

The Department of Environmental Quality (DEQ) deemed the application complete on March 19, 2008 and has determined that the application meets the requirements of 9 VAC 5-80-990 A for a significant amendment to a state operating permit. The Department solicited written public comments by placing a newspaper advertisement in the {insert name of newspaper} on {insert date of publication}. The required comment period provided by 9 VAC 5-80-1170 D expired on {insert date comment period ended}.

This permit approval to construct and operate shall not relieve Marine Hydraulics International, Inc. of the responsibility to comply with all other local, state, and federal permit regulations.

The Board's Regulations as contained in Title 9 of the Virginia Administrative Code 5-170-200 provide that you may request a formal hearing from this case decision by filing a petition with the Board within 30 days after this case decision notice was mailed or delivered to you. 9 VAC 5-170-200 provides that you may request direct consideration of the decision by the Board

if the Director of the DEQ made the decision. Please consult the relevant regulations for additional requirements for such requests.

As provided by Rule 2A:2 of the Supreme Court of Virginia, you have 30 days from the date you actually received this permit or the date on which it was mailed to you, whichever occurred first, within which to initiate an appeal of this decision by filing a Notice of Appeal with:

David K. Paylor, Director
Department of Environmental Quality
P. O. Box 1105
Richmond, VA 23218-1105

If this permit was delivered to you by mail, three days are added to the thirty-day period in which to file an appeal. Please refer to Part Two A of the Rules of the Supreme Court of Virginia for information on the required content of the Notice of Appeal and for additional requirements governing appeals from decisions of administrative agencies.

If you have any questions concerning this permit, please contact Kelly R. Giles at 757-518-2155.

Sincerely,

Jane A. Workman
Air Permit Manager

jaw/krg/61343_001_07_MHI_SOPsigamend

Attachment: Permit

cc: Director, OAPP (electronic file submission)
Manager, Data Analysis (electronic file submission)
Chief, Air Enforcement Branch (3AP13), U.S. EPA, Region III
Manager/Inspector, Air Compliance

STATIONARY SOURCE PERMIT TO OPERATE

This permit supersedes your permit dated November 23, 1998.

In compliance with the Federal Clean Air Act and the Commonwealth of Virginia Regulations for the Control and Abatement of Air Pollution,

Marine Hydraulics International, Inc.
543 East Indian River Road
Norfolk, VA 23523
Registration No.: 61343

is authorized to operate

a marine vessel repair and maintenance facility

located at

543 East Indian River Road
Norfolk, Virginia

in accordance with the Conditions of this permit.

Approved on

DRAFT.

Francis L. Daniel

Permit consists of 6 pages.
Permit Conditions 1 to 18.

INTRODUCTION

1. This permit approval is based on the permit application dated July 15, 1998, including amendment information dated August 4, 1998, September 30, 1998 and November 5, 2007 and supplemental information dated December 11, 2007, January 9, 2008, January 11, 2008, January 25, 2008, February 8, 2008, March 6, 2008, March 14, 2008 and March 19, 2008. Any changes in the permit application specifications or any existing facilities which alter the impact of the facility on air quality may require a permit. Failure to obtain such a permit prior to construction may result in enforcement action.

Words or terms used in this permit shall have meanings as provided in 9 VAC 5-10-10 of the State Air Pollution Control Board Regulations for the Control and Abatement of Air Pollution. The regulatory reference or authority for each condition is listed in parentheses () after each condition.

Annual requirements to fulfill legal obligations to maintain current stationary source emissions data will necessitate a prompt response by the permittee to requests by the DEQ or the Board for information to include, as appropriate: process and production data; changes in control equipment; and operating schedules. Such requests for information from the DEQ will either be in writing or by personal contact.

The availability of information submitted to the DEQ or the Board will be governed by applicable provisions of the Freedom of Information Act, §§ 2.2-3700 through 2.2-3714 of the Code of Virginia, § 10.1-1314 (addressing information provided to the Board) of the Code of Virginia, and 9 VAC 5-170-60 of the State Air Pollution Control Board Regulations. Information provided to federal officials is subject to appropriate federal law and regulations governing confidentiality of such information.

PROCESS REQUIREMENTS

2. **Equipment List** - Equipment at this facility consists of the following:

Equipment to be Constructed			
Reference No.	Equipment Description	Rated Capacity	Federal Requirements
Paint-1	One (1) Paint spray booth	4 gal/hr	None

Equipment Exempt from Permitting		
Equipment Description	Rated Capacity	Exemption Citation
One (1) blast booth (vents inside building)	N/A	9 VAC 5-80-1320
One (1) Fulton natural gas-fired boiler (2007)	0.5 mmBtu/hr	9 VAC 5-80-1320

Equipment Removed by this Permit		
Reference No.	Equipment Description	Rated Capacity
N/A	One (1) natural gas-fired boiler	5.2 mmBtu/hr
CHT-1 & CHT-2	Two (2) shipboard domestic waste storage tanks	10,000 gal & 17,000 gal
N/A	One (1) outdoor blasting operation	N/A
N/A	One (1) outdoor painting operation	N/A

Specifications included in the permit under this Condition are for informational purposes only and do not form enforceable terms or conditions of the permit.
(9 VAC 5-80-850)

3. **Emission Controls** – Particulate matter emissions from the paint booth shall be controlled by the use of fabric filters and overspray minimization. The particulate matter filters shall be provided with adequate access for inspection and shall be in operation when the paint booth is operating.
(9 VAC 5-80-850)
4. **Emission Controls** – Volatile organic compound emissions from the paint booth shall be controlled by the use of low VOC coatings. Coatings used in the paint booth are limited to 3.5 lb VOC/gal.
(9 VAC 5-80-850 and 9 VAC 5-50-260)
5. **VOC Work Practice Standards** – At all times the disposal of volatile organic compounds shall be accomplished by taking measures, to the extent practicable, consistent with air pollution control practices for minimizing emissions. Volatile organic compounds shall not be intentionally spilled, discarded in sewers which are not connected to a treatment plant, or stored in open containers, or handled in any other manner that would result in evaporation beyond that consistent with air pollution practices for minimizing emissions.
(9 VAC 5-50-20 F and 9 VAC 5-80-850)
6. **Monitoring – Fabric Filter** – Once per week, while in operation, the exhaust from the fabric filter for the paint spray booth shall be observed by the permittee for a period of no less than one minute for the presence of visible emissions. If visible emissions are observed, the permittee shall perform corrective actions to eliminate the cause of the visible emissions if necessary. The permittee shall maintain a log of the date, time, location, name of person performing the observation, whether or not visible emissions were detected, and any corrective actions taken, if necessary. These records shall be available for inspection by the DEQ and shall be current for the most recent five years.
(9 VAC 5-80-850)

OPERATING AND EMISSION LIMITATIONS

7. **Throughput** - The annual throughput of coatings shall not exceed 20,403 gallons per year and the annual throughput of thinners/solvents shall not exceed 700 gallons, calculated monthly as the sum of each consecutive 12-month period. Compliance for the consecutive 12-month period shall be demonstrated monthly by adding the total for the most recently completed calendar month to the individual monthly totals for the preceding 11 months.
(9 VAC 5-80-850)
8. **Fuel** - The approved fuel for the boiler is natural gas. A change in the fuel may require a permit to modify and operate.
(9 VAC 5-80-850)

9. **Process Emission Limits** - Emissions from the operation of the paint booth shall not exceed the limits specified below:

Particulate Matter (PM)	37.4 lbs/hr	9.5 tons/yr
PM-10	37.4 lbs/hr	9.5 tons/yr
Volatile Organic Compounds	104.8 lbs/hr	31.2 tons/yr
Hazardous Air Pollutants (HAP)		
Ethylbenzene	14.3 lbs/hr	2.0 tons/yr
Xylene	54.5 lbs/hr	9.4 tons/yr

These emissions are derived from the estimated overall emission contribution from operating limits. Exceedance of the operating limits may be considered credible evidence of the exceedance of emission limits. Compliance with these emission limits may be determined as stated in Condition numbers 3-7. (9 VAC 5-80-850)

10. **Facility wide Emission Limits** - Total emissions from the marine vessel repair and maintenance facility shall not exceed the limits specified below:

Particulate Matter (PM)	94.7 tons/yr
PM-10	45.7 tons/yr
Nitrogen Oxides	2.3 tons/yr
Carbon Monoxide	1.9 tons/yr
Volatile Organic Compounds	31.2 tons/yr
Hazardous Air Pollutants (HAP)	
Ethylbenzene	2.0 tons/yr
Xylene	9.4 tons/yr

These emissions are derived from the estimated overall emission contribution from operating limits. Exceedance of the operating limits may be considered credible evidence of the exceedance of emission limits. Compliance with these emission limits may be determined as stated in Condition numbers 3-8. (9 VAC 5-80-850)

RECORDS

11. **On Site Records** - The permittee shall maintain records of emission data and operating parameters as necessary to demonstrate compliance with this permit. The content and format of such records shall be arranged with the Director, Tidewater Regional Office. These records shall include, but are not limited to:
- Annual throughput of coatings, calculated monthly as the sum of each consecutive 12-month period. Compliance for the consecutive 12-month period shall be demonstrated monthly by adding the total for the most recently completed calendar month to the individual monthly totals for the preceding 11 months.

- b. Annual throughput of thinners/solvents, calculated monthly as the sum of each consecutive 12-month period. Compliance for the consecutive 12-month period shall be demonstrated monthly by adding the total for the most recently completed calendar month to the individual monthly totals for the preceding 11 months.
- c. Material Safety Data Sheets (MSDS), Certified Product Data Sheets (CPDS), or other vendor information as approved by DEQ showing VOC content and HAP content for each coating, thinner, or solvent used.
- d. Annual throughput calculations, in tons/year, for HAPs from the paint booth, calculated monthly as the sum of each consecutive 12-month period, using calculation methods approved by the Director, Tidewater Regional Office to verify compliance with the emissions limitations in Condition 9.
- e. Control device monitoring records for the paint booth fabric filters as required in Condition 6. These records shall be available for inspection by the DEQ and shall be current for the most recent five years.
(9 VAC 5-80-850)

GENERAL CONDITIONS

12. **Right of Entry** - The permittee shall allow authorized local, state, and federal representatives, upon the presentation of credentials:
- a. To enter upon the permittee's premises on which the facility is located or in which any records are required to be kept under the terms and conditions of this permit;
 - b. To have access to and copy at reasonable times any records required to be kept under the terms and conditions of this permit or the State Air Pollution Control Board Regulations;
 - c. To inspect at reasonable times any facility, equipment, or process subject to the terms and conditions of this permit or the State Air Pollution Control Board Regulations; and
 - d. To sample or test at reasonable times.
- For purposes of this condition, the time for inspection shall be deemed reasonable during regular business hours or whenever the facility is in operation. Nothing contained herein shall make an inspection time unreasonable during an emergency.
(9 VAC 5-170-130 and 9 VAC 5-80-850)
13. **Notification for Facility or Control Equipment Malfunction** - The permittee shall furnish notification to the Director, Tidewater Regional Office of malfunctions of the affected facility or related air pollution control equipment that may cause excess emissions for more than one hour, by facsimile transmission, telephone, or telegraph. Such notification shall be made as soon as practicable but no later than four daytime business hours after the malfunction is discovered. The permittee shall provide a written statement giving all pertinent facts, including the estimated duration of the breakdown, within two weeks of discovery of the malfunction. When the condition causing the failure or malfunction has been corrected and the equipment is again in operation, the permittee shall notify the Director, Tidewater Regional Office in writing.
(9 VAC 5-20-180 C and 9 VAC 5-80-850)

14. **Violation of Ambient Air Quality Standard** - The permittee shall, upon request of the DEQ, reduce the level of operation or shut down a facility, as necessary to avoid violating any primary ambient air quality standard and shall not return to normal operation until such time as the ambient air quality standard will not be violated.
(9 VAC 5-20-180 I and 9 VAC 5-80-850)
15. **Maintenance/Operating Procedures** – At all times, including periods of start-up, shutdown and malfunction, the permittee shall, to the extent practicable, maintain and operate the affected source, including associated air pollution control equipment, in a manner consistent with good air pollution control practices for minimizing emissions.
(9 VAC 5-50-20 E and 9 VAC 5-80-850)
16. **Permit Suspension/Revocation** - This permit may be revoked if the permittee:
- Knowingly makes material misstatements in the permit application or any amendments to it;
 - Fails to comply with the terms or conditions of this permit;
 - Fails to comply with any emission standards applicable to a permitted emissions unit;
 - Causes emissions from this facility which result in violations of, or interferes with the attainment and maintenance of, any ambient air quality standard;
 - Fails to operate this facility in conformance with any applicable control strategy, including any emission standards or emission limitations, in the State Implementation Plan in effect at the time that an application for this permit is submitted;
 - Fails to comply with the applicable provisions of Articles 6, 8 and 9 of 9 VAC 5 Chapter 80.
(9 VAC 5-80-1010)
17. **Change of Ownership** - In the case of a transfer of ownership of a stationary source, the new owner shall abide by any current permit issued to the previous owner. The new owner shall notify the Director, Tidewater Regional Office of the change of ownership within 30 days of the transfer.
(9 VAC 5-80-940)
18. **Permit Copy** - The permittee shall keep a copy of this permit on the premises of the facility to which it applies.
(9 VAC 5-80-860 D)

DRAFT PERMIT APPROVAL FORM

Department of Environmental Quality
Tidewater Regional Office
5636 Southern Blvd.
Virginia Beach, Virginia 23462

Instructions:

The "Draft Permit Approval Form" provides the owner or certified company official an opportunity to accept or suggest appropriate changes to a draft permit. If a signed form is not received within one (1) week of the date of receipt of the draft permit, DEQ will assume that the draft permit is considered acceptable and will proceed with processing the permit. **Please check the applicable statement(s) below after thoroughly reviewing the draft permit. Forms may be returned by facsimile to 757-518-2009, Attention: Ms. Kelly R. Giles or Ms. Jane A. Workman.**

- _____ The owner or certified company official agrees with the conditions of the draft permit dated _____ . Please proceed to issue the permit with no change.
- _____ The owner or certified company official finds condition number(s) _____ of the draft permit dated _____ unacceptable.
- _____ The suggested changes are attached for your consideration.
- _____ The owner or certified company official requests further discussion with DEQ regarding the above referenced condition(s).

Signature: _____

Name: _____

Title: _____

Facility: _____

Date:
